

THRU : Chief, Trade Controls Branch, Services Division 21 February 1958
THRU : Chief, Services Division, ORR
THRU : Chief, Industrial Division, ORR
Chief, Electrical Equipment Branch, ORR

Justification of Trade Controls, Item 1210, Electric Power Generating Equipment

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1. In connection with a request by [REDACTED], this Branch has again reviewed the Sino-Soviet Bloc vulnerability to trade controls in the field of electrical generating equipment.

2. The Sino-Soviet Bloc as a whole is technically capable of producing a complete line of electrical machinery of acceptable quality in sizes comparable to those the Bloc would be able to obtain from the West. For most items production meets planned goals under the present economy. Within the Bloc multilaterally agreed upon courses of action in the field of electrical machinery extends to capital investment, material inputs to the industry, detailed production planning, imports and exports to and from non-Bloc countries, and intra-Bloc trade. Because of this multilateral planning, it is very difficult to differentiate between the situation which exists in individual countries in the Bloc in any way which is meaningful to trade controls. For individual countries production shortages exist. Some of these shortages are planned to be filled by imports from the West. Trade controls which would effectively deny these imports would affect the industrial development of Poland to the greatest degree, although it would be possible to argue that this would have some effect on the entire Bloc. From information available in this Branch, however, it is not believed possible to build any case for controls based on current EDAC criteria.

3. In the time period 1956-60, Albania, Bulgaria, Rumania, China, and Poland will require quantities of electrical generating equipment in excess of their capability to produce such equipment. In addition, East Germany, although she produces sufficient equipment in aggregate terms, will require some imports of electrical generating equipment to compensate for exports to other Bloc countries. Poland and East Germany are the only countries expected to import significant quantities of electrical generating equipment from the West. Of these, Poland is the most vulnerable, although her dependence on Western sources of supply can only be related to plans for general industrial expansion. It is expected that China will obtain her imports largely from the Bloc, although if trade controls permit, some imports from the West may occur. During the period 1953-57, China imported from the Bloc from one-half to two-thirds of her electrical generating equipment. Poland will attempt to import from the West, electrical generating equipment with an aggregated capacity of between 400 to 500 thousand kilowatts between

1956 and 1960. During this same time period she is expected to produce approximately 800 thousand kilowatts of electrical generating equipment domestically.

4. There is no evidence that imports of electrical generating equipment from the West have in the past been used for direct military purposes, nor is there evidence of any future requirement for such imports. Similarly, from the standpoint of advanced or unique technology which might be gained from imported equipment, there are no apparent gaps in technology to be protected by embargo of electrical generating equipment. In certain specialized techniques, like hydrogen cooling of generators, capabilities are not identical in all countries of the Bloc. Since the technology is available within the Bloc, however, embargo could not effect denial. The effect of embargo in the perpetuation of an unsatisfied demand for military and item producer goods can only be approached indirectly. The industry as a whole fulfills its planned goals. The Bloc industry exports limited amounts of electrical generating equipment. Total Bloc planned requests for imports do not reach more than one percent of planned Bloc production of electrical generators. Under these conditions it is not felt that the criteria of unsatisfied demand can be demonstrated to be valid for electrical generating equipment.

5. The conclusion of this Branch is that the embargo of electrical generating equipment as defined cannot be justified by available intelligence, under the criteria stated.

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